

April 13, 2013

The Honorable Kevin Brady
United States House of Representatives
231 Cannon House Office Building
Washington, DC 20515

The Honorable Mike Thompson
United States House of Representatives
231 Cannon House Office Building
Washington, DC 20515

Dear Congressmen Brady and Thompson:

Thank you for the opportunity to provide comments relating to Comprehensive Tax Reform. I am particularly concerned with the impacts of extending the production tax credit for wind energy. In the final hours of the 2012 fiscal cliff negotiations, the now 20-year old wind production tax credit was again granted a 1-year extension at the estimated cost of \$12 billion. This move was done behind closed doors, without debate or opportunity for amendment and no obligation of the Congress to find a way to pay for it.

With this extension, a critical change to the PTC was also introduced that relaxed the eligibility requirements. Wind energy projects now need only 'commence construction' by January 1, 2014 to qualify for the credit. This particular form of regulatory 'gaming' would encumber taxpayers with subsidy obligations for projects that may not go into production for many years after the PTC provision has expired. While public policy has helped the emerging renewables market, there is a growing realization that the subsidy has outlived its usefulness and may be harmful in its current form. The wind industry insists the PTC is an effective tool to keep electricity rates low. In fact, it is nothing more than a cost imposed on all taxpayers in order to accommodate development of a politically well-connected, high-priced, low-value resource that cannot meet our electric capacity needs.

The wind industry continually touts all the thousands of jobs that they create. They fail to mention that 90% of the jobs are short term and temporary. Very few permanent jobs are created by the installation of wind turbines. In Wyoming County, NY the High Sheldon wind energy project only created 9 jobs at a cost of \$1,477,778.00 per job. This is the kind of wasteful spending that this country cannot continue to fund.

The question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

I strongly encourage Congress to let the wind PTC expire. Twenty years is more than enough time to keep funding a losing proposition.

Sincerely
Kathleen Jensen